

## **U.S.-Russia Relations: A Tragic Summer**

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The events of the past few months in both the United States and Russia highlight just how deeply embroiled each nation is in their respective national struggles against terrorism and against “insurgents” in Iraq and in Chechnya. Whereas the terror attacks perpetrated in triplicate in Russia garnered tremendous international attention, the quiet passing of a milestone in the U.S. campaign in Iraq drew much less notice. Just this past month, the 1,000<sup>th</sup> U.S. soldier died in Iraq. Whether the tragedies of the summer months will steel the strategic partnership or sow discord will be played out in the run-up to the U.S. presidential election and afterward.

### **Terror strikes the heart of Russia**

August has become a month of reckoning for Russia. The hard-line putsch against Gorbachev took place in August 1991. The wave of apartment bombings (still unsolved) that hit Russia in 1999 and launched the second Chechen war also began in August. August of 2000 saw the Ostankino fire and the sinking of the nuclear submarine *Kursk*. This August, Russia saw a bomb explosion in a Moscow metro station, the downing of two civilian aircraft by Chechen women carrying explosives, and the bloody attack on the school in Beslan, North Ossetia. Russian leaders have been quick to draw the link to al-Qaeda and the larger war on terrorism, invoking the United States as an ally. Although U.S. leaders (and the American public) have expressed sympathy toward Russia’s plight, there is growing concern about Russian President Vladimir Putin’s plans to centralize power even more in the Kremlin, all in the name of the war on terror.

The Russian government has been trying to pin down the Bush administration on its views on Chechnya. In July, a high-profile extradition case against Ilyas Akhmadov, the shadow foreign minister of the separatist government of Chechnya, seemed to go Russia’s way when the U.S. Department of Homeland Security (DHS) appealed a local court’s decision not to extradite Akhmadov. But later DHS dropped the appeal, much to the Kremlin’s irritation. Putin has also lashed out at the United States, especially those who would call for him to negotiate with Chechen separatists, people Putin likes to refer to as “bandits.” Putin expressed this frustration to a group of Western reporters and academic specialists, with whom he held a long discussion in early September.

The Bush administration seems less agitated about Chechnya and Russia's actions there than about the Yukos case, which Washington fears is adding to the spike in world oil prices. On several occasions the White House and the State Department delivered a personal message to Putin asking that the courts give imprisoned Yukos chief Mikhail Khodorkovsky due process before the law. The latest occasion was when U.S. National Security Adviser Condoleezza Rice spoke by telephone with Kremlin chief of staff Dmitry Medvedev in August.

There is still great concern in Russia not only about the United States' intentions in Central Asia, but also about NATO's intentions in the Baltics and Eastern Europe, and in the Caucasus and Central Asia. The latest brouhaha has been over Russian bases in Georgia, the concern in Moscow being that a Russian pullout could invite a NATO pull-in. A recent headline in the daily *Novye Izvestia* proclaimed "Russia surrounded: the American takeover of Central Asia" in reaction to the U.S. plan to draw down forces in Germany and elsewhere in NATO, and move parts of them to southeastern Europe and Central Asia. A respected defense journal *Nezavisimoe Voennoe Obozrenie* suggested that the United States has more benign intentions in Central Asia and wondered whether the new U.S. bases in Central Asia could become foci of cooperation between the two nations. Russian Defense Minister Sergei Ivanov spent much of the time in his August St. Petersburg meeting with U.S. Secretary of Defense Donald Rumsfeld discussing the issue of NATO expansion, and Ivanov expressed his concern.

Surprisingly the U.S. presidential election has brought little notice to the Bush administration's Russia policy. Unlike the 2000 election when much was made of the Clinton administration's coddling of Boris Yeltsin, so far there has been little mention of this. John Kerry has said Bush is "ignoring America's interest in seeing democracy advance in Russia," but has made little other mention of Russia and the Bush administration's policy toward Russia. Kerry's running mate John Edwards has said that he would not want Russia to be a G8 member. The Russian press has speculated about John Kerry as president, and seems to think that a Democratic administration would complicate relations with Russia (according to an article in the daily *Versiya*). The Kremlin seems to concur with this assessment, and Putin has made it no secret that he would prefer a Bush re-election to a Kerry victory.

The American press, on the other hand, has been studiously vociferous in its criticism of the Russian government, not only in its handling of the Yukos case and the war in Chechnya, but also in its handling of the Beslan school seizure, insisting that the whole truth behind the massacre is being covered up. The *Washington Post* published an editorial entitled, "Suppressing Truth in Russia," in response to the aftermath of the Beslan tragedy. Meanwhile *The New York Times* suggested that the United States and Russia are "allies sliding apart." But the Western press has judged even more harshly the changes proposed by Putin that will centralize power in the Kremlin, by having regional governors selected by the president, and having only proportional representation in the State Duma (doing away with direct candidate elections). The *Christian Science Monitor* suggested that it is "Back to the U.S.S.R." for Russia. *The New York Times* called the new changes "Russia's Lurch Backward." Both U.S. Secretary of State Colin Powell

and his deputy Richard Armitage chimed in with their concern about Russia's political changes. Russia's Foreign Minister Sergei Lavrov responded to Powell's remarks by saying that it was an internal matter for Russia.

### **Iraq and the Middle East**

Iraq continues to be the center of U.S. foreign policy, and increasingly U.S. relations with third countries are influenced by how that country views U.S. actions in Iraq. This is the case both with allies (France, Germany, Japan, et al) and simple partner countries (Russia and others). Russia, though not cooperating with the United States in Iraq, has at least abstained from criticism. In fact, there were reports in the Russian press (*Izvestia* and *Interfax*) that Putin was considering sending Russian troops to Iraq to support the U.S.-led coalition. The Russian Foreign Ministry quickly denied these reports, but it left many wondering whether this had in fact been considered as an attempt to tie Russia closer to the U.S. war on terror and gain more concessions.

Iran continues to be a sore spot – specifically continued Russian support for Iran's supposed peaceful nuclear energy program. Russia-U.S. cooperation in the non-proliferation arena has been above reproach – apart from this one area. Russia seems hesitant to give up something that it feels will give it clout in a region where it has been greatly marginalized over the past 15 years. In September the *Wall Street Journal* issued an editorial criticizing Russia's relationship with both Iran and Syria.

Putin seems content to tacitly support the United States in Iraq, as long as the White House continues to turn a blind eye to Chechnya. Iran could become a complicating factor in the bilateral relationship, but thus far this issue has drawn much less attention due to the war in Iraq.

### **Areas of cooperation**

Energy is still a big area of cooperation between Washington and Moscow. The U.S. government's concern about the Yukos trials seems to be more predicated on a concern about world oil prices than about the well-being of Khodorkovsky or due process of law in Russia. There is great interest in the United States not only in importing Russian oil, but also in Russian natural gas. (Russia has the world's largest gas reserves.)

Sakhalin Island, home to billions of dollars of U.S., European, and Japanese investment could become a large supplier of natural gas for the west coast of the United States in the next few years. At least, that is the intention of Royal Dutch/Shell and also the Russian natural gas monopoly, Gazprom. It is hoped liquified natural gas (LNG) can be shipped to California as early as 2007. Several producers on Sakhalin already have signed contracts for 3.4 million tons a year of LNG deliveries to Japan. Gazprom was also recently given the green light by the Russian government to purchase the state-owned oil company Rosneft and to allow undiluted foreign ownership of the new shares. This new giant will not only be more competitive, but will control 20 percent of the world's natural gas production.

At a conference of Russian and U.S. oil producers in Moscow, Russia's Minister for Trade and Economic Development German Gref said that his country has high hopes for the United States as an export market. According to commentary in *Izvestia*, Russian firms are ready "to fiercely compete with each other on the American market." Russian-U.S. energy cooperation was further highlighted by the recent acquisition by U.S. oil giant ConocoPhillips of nearly \$2 billion for a 7.6 percent stake in Russia's Lukoil—the world's No. 2 oil company by reserves.

In spite of the grave view taken in Washington about Russia's political path, cooperation against terror is continuing, and if the Bush administration remains in office another four years, odds are that this cooperation will continue, however ad hoc it may be. The daily *Nezvezimaya Gazeta* wrote that the United States and Russia stand "shoulder to shoulder," while *Izvestia* wrote that the two are "in the same boat."

### **East Asia**

U.S.-Russian relations in Asia are cordial, as the two sides have much less to disagree on. Korea continues to be the prime area of concern, but there was little movement over the summer months, as the DPRK leadership apparently decided that it would await the U.S. presidential election before agreeing to a new round of six-party talks. The Russian leadership has been helpful in lobbying for a new round of talks, but the North Koreans are not moving.

Russian Foreign Minister Lavrov made his first trip to Asia in July, visiting the Korean Peninsula and meeting with DPRK leader Kim Jong-il, and laying the groundwork for a visit by South Korean President Roh Moo-hyun to Moscow later in the summer. Reports suggested that Russia was hoping to play a mediating role between North and South Korea, independent of China or the United States. Although the Kremlin denied these reports, Russia is obviously keen to play a vital role in resolving the standoff on the Korean Peninsula. Russia is also hoping to reinvigorate economic relations with South Korea. President Roh visited Moscow in September and oversaw the signing of commercial contracts – primarily in the energy sector – for more than \$4 billion. The largest contract was a \$3 billion project to create a refinery and petrochemical plant in Tatarstan, signed between Lucky Gold Group, South Korea's second-largest industrial group, and the Russian oil producer Tatneft. Roh was accompanied by a delegation of about 50 top executives of some of Korea's largest corporations, including Lucky Gold, Samsung, and Hyundai. Meanwhile the Korean state-owned gas company, Kogas, was offered an equity stake by the shareholders of Sakhalin Energy, which operates the multibillion-dollar Sakhalin-2 offshore oil and gas project.

Not to be outdone by their neighbor, the Japanese government announced that it would grant \$77.6 million to the Russian government to undertake a feasibility study on a pipeline linking Russian oil fields near Taishet to the Pacific port of Nakhodka, south of Vladivostok. More than anything, Japanese leaders seem keen to not be outbid for Russian energy sources by any of their neighbors, whether they be Chinese or Korean. As eager as Japan is to further develop its relationship with Russia, Japanese leaders have

made it clear that they have not forgotten the territorial dispute. Prime Minister Koizumi Junichiro has made the “Northern Territories” a focus of his foreign policy agenda. Although he recognizes the necessity of access to Russian energy, he also has been unwilling to separate the territorial dispute from the economic relationship. To highlight his anxiety about the disputed islands, Koizumi made an offshore boat tour of the islands in early September, all the while being trailed by a Russian Coast Guard vessel.

China, Japan, and South Korea are all making concerted efforts to reach out to the Russian government and make a connection to Russia’s long-term energy strategy. Russia, meanwhile, is looking for a more active role for itself in Northeast Asia and feels that being involved on the Korean Peninsula will help give it the political clout that energy cooperation will not necessarily provide.

The United States and Russia have a complicated relationship, and this past summer bears testimony to that. Although the leaders of both countries feel close in their fight against terrorism, the peoples of the two nations are struggling to identify with one another. The lack of debate in the U.S. presidential election about Russia policy reinforces how leaders in the United States (on both sides of the political spectrum) feel about the direction of the bilateral relationship; at least it indicates that they have no fresh ideas. Additionally, this lack of debate makes it difficult for the American people to make judgments about Russia (unlike in 1992, 1996, or 2000). To be sure, Russia experts around the nation are decrying the political direction of Vladimir Putin’s Russia, but for the average American, allies such as France, Germany, and Spain probably rank lower on the popularity list. Similarly, in Russia, the people are ambivalent about how they feel toward the United States. Russia’s leaders, meanwhile, are trying their best to maintain the “strategic partnership against terrorism.” Although many expert observers feel that Beslan, and the subsequent political changes made in its wake, have changed the nature of how the United States will deal with Russia over the next several years, great change is unlikely, barring a series of catastrophic events. The bet here is that the status quo will maintain an ambiguous partnership united more by hatred of terrorism than by domestic concerns.

### **Chronology U.S.-Russia Relations** **July-September 2004**

**July 1, 2004:** In a visit to Moscow U.S. Secretary of Health and Human Services Tommy Thompson meets with Russian Health Minister Mikhail Zurabov and the two sides announce new American-Russian efforts against HIV/AIDS and tuberculosis.

**July 2, 2004:** Russia and the 10 members of the Association of Southeast Asian Nations (ASEAN) issue a joint declaration on cooperation in fighting international terrorism in Jakarta and agree to improve the exchange of intelligence information.

**July 5, 2004:** Russian Foreign Minister Sergei Lavrov meets with DPRK leader Kim Jong-il in Pyongyang.

**July 9, 2004:** Forbes Russia Editor-in-Chief Paul Khlebnikov, a U.S. citizen, is murdered on a Moscow street. The case draws wide attention to Russia's crime problems.

**July 11, 2004:** The Japanese government announces that it will give Russia \$77.6 million to study the construction of a Siberian oil pipeline to the Pacific port of Nakhodka.

**July 27, 2004:** Officials from Japanese Marine Security Department meet with officials from Russia's Federal Border Guard in Vladivostok to discuss further cooperation.

**Aug. 7, 2004:** The Russian Baltic fleet begins exercises with NATO warships, an historic first.

**Aug. 8, 2004:** U.S. National Security Adviser Condoleezza Rice speaks by telephone with Kremlin chief of staff Dmitry Medvedev about the effect the Yukos case is having on the world oil market.

**Aug. 12, 2004:** With an eye on rising oil prices, the U.S. State Department publicly calls on the Russian government to put aside internal "political considerations" in order to resolve the Yukos matter.

**Aug. 14, 2004:** In a visit to St. Petersburg, Secretary of Defense Rumsfeld meets with Russian Defense Minister Sergey Ivanov. The two discuss the war on terror and announce impending joint naval maneuvers. They also announce that Moscow and Washington may jointly develop a missile defense system. Ivanov expresses concern about NATO's expansion into the Baltics.

**Aug. 24, 2004:** Two passenger airliners leaving the same Moscow airport on domestic flights explode in mid-air at the same moment over south-central Russia, killing 90 people. The Kremlin at first denies a terrorist link, but then later concedes that it is a coordinated terror attack.

**Aug. 31, 2004:** Terrorists target Moscow metro station, killing 9 and wounding dozens of others in a suicide explosion.

**Sept. 1, 2004:** Chechen terrorists seize a school in the North Ossetian town of Beslan, taking hostage hundreds of children and adults. After a two-day standoff, violence erupts and almost 400 people—mostly children—are killed.

**Sept. 2, 2004:** Japanese Prime Minister Koizumi Junichiro inspects disputed "Northern Territories" by boat.

**Sept. 6, 2004:** Meeting Western journalists and academic specialists, President Putin lashes out at U.S. and Europe calls to discuss a settlement with the Chechen insurgents.

**Sept. 12, 2004:** President Bush makes an unexpected visit to the Russian Embassy in Washington, DC and signs a book of condolences for victims of the school hostage seizure. He expresses outrage at the actions of “evil terrorists.”

**Sept. 13, 2004:** Putin orders sweeping changes to Russia’s political system to help combat terrorism, prompting concern that he is moving to further clamp down on domestic dissent and opposition.

**Sept. 14, 2004:** Secretary Powell expresses concern that sweeping political changes to fight terrorism proposed by Putin will erode Russia’s democratic reforms.

**Sept. 14, 2004:** President Putin permits the Gazprom natural gas monopoly to acquire the state-owned oil company Rosneft.

**Sept. 15, 2004:** In response to Powell, FM Lavrov announces that he considers unfounded claims by the U.S. that Russia’s new political measures are a step against democratic development.

**Sept. 15, 2004:** U.S. Department of State declares that U.S. assistance to Russia in fiscal year 2004 amounted to \$880.38 million.

**Sept. 18-19, 2004:** U.S. Energy Secretary Spencer Abraham and Russian Atomic Energy head Alexander Rumyantsev convene a two-day conference in Vienna on a global initiative to keep highly radioactive materials out of the reach of terrorists.

**Sept. 21, 2004:** At a joint U.S.-Russian seminar on oil transportation and oil markets Russian Economy Minister German Gref says that he sees the U.S. as a promising oil export market for Russia.

**Sept. 28, 2004:** A group of 115 American and European foreign policy specialists, including former and current elected leaders, write a letter to President Bush and other government leaders in NATO and the European Union accusing President Putin of undermining democracy in Russia and turning the country back toward authoritarian rule.